



# FACT SHEET

## Purchase of Agricultural Conservation Easement

### PACE PROGRAM INFORMATION

#### Website:

<http://www.sdcounty.ca.gov/dplu/advance/PACE.html>

#### Information Hotline:

858-694-2033

#### E-mail:

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#### Mailing Address:

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Department of Planning and Land Use  
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### BACKGROUND

The County of San Diego is initiating a new voluntary agricultural conservation pilot program known as the Purchase of Agricultural Conservation Easement (PACE) program. The PACE program is intended to promote the long term preservation of agriculture in the County. The program is based on the framework of what is traditionally referred to as a Purchase of Development Rights (PDR) program. Under the PACE program, willing agricultural property owners are compensated for placing a perpetual easement on their agricultural property that limits future uses and extinguishes future development potential. As a result, the agricultural land is preserved and the property owner receives compensation that can make its continued use for agriculture more viable.

### ELIGIBILITY REQUIREMENTS

There are three eligibility requirements for a property to participate in the program. First, the property must have been actively farmed and /or ranched for a minimum of two years prior to applying for the program. Second, the property must have realized a density reduction as a result of the General Plan Update adopted by the Board of Supervisors on August 3, 2011. Third, the property must have had the ability to subdivide under the previous General Plan (in effect prior to August 3, 2011). Properties which by virtue of their size, would not be able to obtain subdivision entitlements under the County's previous General Plan (in effect prior to August 3, 2011) are not eligible for the program.

The County has prepared a Preliminary Eligibility List based on the program eligibility requirements, which is available for review at the Department of Planning and Land Use or via the internet at <http://www.sdcounty.ca.gov/dplu/advance/PACE.html>. Inclusion on the list does not guarantee a property is eligible for the program. A property specific assessment to determine final eligibility will be conducted upon receipt of a program application. If you believe your property was omitted from the Preliminary Eligibility List in error you may contact 858-694-2033 for further clarification

### PROGRAM FRAMEWORK

The program application period is tentatively scheduled to begin January 16, 2012. Applications will

be available online or at the Department of Planning and Land Use. The initial application period will close on March 1, 2012 at which time County staff will review all applications submitted to confirm they meet the program eligibility requirements. All eligible applications will then be evaluated by a number of criteria such as development pressure on the property, density reduction realized through the General Plan adoption, agricultural potential, and cost of the easement relative to the program's available funds. Properties selected for acquisition will then be valued (see easement valuation below). Property's owner will be given an opportunity to review the terms and compensation of the easement before committing to moving forward with the formal easement dedication. The formal easement acquisition process requires the execution of an easement agreement that will be subject to approval of the Board of Supervisors and recorded against the property.

### EASEMENT VALUATION

The program will utilize two methods to determine the value of easements. Properties under 50 acres in size will be valued through a point system. The point system would reward points to a property based upon the various criteria (development pressure, density reduction, agricultural potential, etc.) used to evaluate the properties selected for easement acquisition. A dollar amount will be applied to each point awarded; points awarded for discounting (see discounting below) will not be included in the valuation. Based on current easement values reported by the California Farmland Conservancy Program (CFCP), easement values typically range from \$4,000 to \$6,000 per acre. The CFCP reported that the highest easement values are realized in agricultural areas under the highest threat of development. In one such case, the CFCP reported an easement value of \$8,000 per acre. Therefore, the maximum dollar amount awarded per acre under the County's point system would be initially set to not exceed \$8,000. Easement values reported by the CFCP for grazing lands are 50% less than land in agricultural production. The dollar amount awarded per point for properties which are utilized as grazing lands will therefore initially be set at a maximum of \$4,000 per acre. In all cases, the maximum dollar amount per acre may be adjusted up or down as more localized appraisal data becomes available.

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For larger properties (50 acres or greater), easement value would be determined through the traditional appraisal process. Under the appraisal valuation approach, appraisers estimate fair market value then subtract an estimate of restricted value to determine the value of the easement. The State of California's *California Farmland Conservancy Program – Guidelines for the Preparation of Agricultural Conservation Easement Appraisals* will be used to guide the County's PACE program appraisal process. It is important to note that research suggests that in some cases local appraisers by default consider a property's subdivision build out as its highest and best use when determining fair market value. Subdivision build out as the highest and best use will only be acceptable when supported by data from the market place. Unsupported or over speculative assumptions will not be accepted. Subdivision build out values must also factor in all development/subdivision costs including permitting, surveys, studies, infrastructure, etc.

## DISCOUNTING

A "discount" factor has been included in the evaluation criteria. Property owners willing to accept less than full easement value may voluntarily discount their easement to receive a more favorable ranking and increase the likelihood of easement acquisition. In cases where program demand exceeds available funding, discounting has proven to be a successful tool to maximize program funds and increase the overall acreage acquired. A number of PACE programs throughout the nation use a discount method.

## ADDITIONAL INFORMATION

Additional information regarding the PACE program may be found at the program website <http://www.sdcounty.ca.gov/dplu/advance/PACE.html> or hotline 858-694-2033. In addition, the County has established an online survey to gather feedback and evaluate overall interest in the program at <https://www.surveymonkey.com/s/PACEProgram>.